May 19, 2008

City of Rapid City
Engineering Services
C/O Mr. Dan Coon, P.E.
300 6th Street
Rapid City, SD 57701-5053

Re: Elk Vale Low Level Reservoir
**   Recommendation to Lower Subletting Percentage**

Dear Mr. Coon:

As you know, the Rapid City Draft Design Criteria Manual (Paragraph 7.4) requires the Contractor perform with his own organization, work amounting to not less than fifty (50) percent of the original total contract price (with the exception of items designated by the City as "Specialty Items").

As your consulting engineer responsible for the design of the Elk Vale Low Level Reservoir, we **respectfully request the subletting percentage be reduced to thirty (30) percent** for the following reasons:

1. The 3.5 MG Elk Vale Low Level Reservoir is a "Specialty Item" and will be constructed as either a prestressed or post-tensioned concrete reservoir.
2. It is our understanding that the Red Rock Reservoir (a similar project recently completed by Rapid City) was granted a variance and the subletting percentage was reduced to twenty (20) percent.
3. We recommend the reservoir contractor be the prime contractor and provide the 2-year project warranty as this project consists of a 3,500,000 gallon reservoir with ancillary components (i.e. roads, vaults, landscaping, fencing, electrical, etc.). Rapid City contractors and local suppliers will complete many of the ancillary components for the Elk Vale Low Level Reservoir (i.e. concrete/asphalt/aggregate supplies, pipeline installation, earthwork/excavation, landscaping, fencing, electrical, vault/building construction, etc.) as subcontractors to the reservoir contractor.
4. The Elk Vale Low Level Reservoir will be awarded to the lowest responsible bid and Rapid City contractors play a vital role in ensuring this reservoir is constructed in the most economical manner.

Please forward this request to the City Council and contact us if you have any questions or concerns.

Respectfully submitted,

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Deon M. Stockert, PE
Project Manager

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